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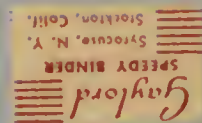
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PART SEVEN

NON-TAX REVENUE SOURCES IN MONTANA

by

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A staff paper submitted through the Tax Study Task Force to the Montana Legislative Council Subcommittee on Taxation.

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PART SEVEN--NON-TAX
REVENUE SOURCES IN MONTANA

by Layton S. Thompson

Introduction

Any treatment of non-tax revenue sources poses immediately some problems of definition. In general, non-tax revenue refers to direct charges (fees) for services provided by government where special benefits to individuals are involved, and to revenue which a government may collect in its capacity as an owner of resources or as an entrepreneur. There is need for a miscellaneous category, however, to cover such items as gifts, fines and public lotteries. Of course a public lottery may be thought of as a public enterprise, in about the same category as the tobacco, tea and spice monopolies which have been used by governments to secure revenue.

One of the principal characteristics used to distinguish non-tax revenue sources from taxes is the degree of special benefit to individuals as contrasted with general benefit.¹ In the case of such items as charges or "prices" involved in the rental of the public domain or the sale of water, gas or electricity from publicly owned utilities, the benefit criteria are obvious and clear. On the other hand, in the case of fees for education or special assessments for street improvements, as examples, special benefits do accrue to private citizens, but there is also a large element of general benefit, because the public has a considerable interest in the service. The allocation of the costs of some of these kinds of services between individual users and the general taxpayer is necessarily arbitrary because of the difficulty of separating and measuring benefits.

Aside from welfare criteria, there are public services the wide use of which is in the public interest. Charges so high as to restrict the use of such services to citizens with high incomes are incompatible with wide use of these services and therefore if high fees or charges are to be used they should be used in conjunction with special programs to help make the services available to persons who cannot pay for them. Services which constitute investments in people, such as education or health and sanitation services, fit into this category. Various scholarships and other devices which serve to make this type of service available to those who cannot pay tend to work in an arbitrary fashion, also. The answer probably is to lean heavily toward making such services available to all citizens, financing them through the use of taxation.

Non-tax Revenue as a Part of General Revenue

Many instances of public prices and fees have very little relation to tax problems as faced by legislators. Most of the statistics which have been used in the various chapters of this Montana Tax Study have referred to state and local general expenditures and state and local general revenues. By definition the Bureau of the Census, U. S. Department of Commerce, which is the source of much of the data available on government finances, excludes from general revenue the gross sales of state liquor stores, employee or private employer contributions and

1. See the discussion by Harold M. Groves in Financing Government, Holt, Rinehart and Winston, Inc. 1964. p. 400.

can believe in them, I shall

investment earnings received by employee-retirement programs, unemployment insurance, and workmen's compensation systems. Benefits and withdrawals paid by these systems are not treated as general expenditures; neither are purchases and operating expenses of state liquor stores.

Like state liquor stores, expenditures and revenues of certain state or municipally owned utilities, including water supply, electric power, gas supply, and transit systems, are not treated as general expenditures or general revenue.² Net income from such enterprises, however, is treated as general revenue and, if losses are experienced, they will count as part of general expenditures. In Montana, profit from the operation of state liquor stores goes into the general fund.

For practical purposes, non-tax revenues in Montana can be considered to be synonymous with the classification of Charges and Miscellaneous General Revenue as reported by the U. S. Bureau of the Census. Montana's reliance on this source as a percentage of total general revenue has changed very little during the past eight years (see Table 1). There has been a relative decrease in the percentage reliance on state and local taxes, offset by an increase in reliance on funds transferred from the federal government.

In Part Three of the Montana Tax Study (see Table 2) it was reported that Montana's reliance on charges and miscellaneous revenues in 1963-64 was almost exactly the same as that for all 50 states, 15.8 percent and 15.6 percent respectively. In 1964-65 Montana still received 15.8 percent from this source and the percentage for all 50 states was 15.8. Rhode Island, Vermont, and Massachusetts were low states in their dependence on this source (9.1 percent, 10.6 percent, and 10.8 percent respectively) and the high states were North Dakota,³ New Mexico, and Delaware (26.8 percent, 23.0 percent and 21.0 percent respectively).

The non-weighted average for the ten western states, with which Montana has been compared in other chapters of the Montana tax study⁴ was 17.9 percent in

2. See Governmental Finances in 1964-65, Governmental Finances/GF No. 6, Bureau of the Census, U. S. Department of Commerce, p. 1 "The general government sector refers to all government revenue and expenditure except for specifically defined utility, liquor store, and insurance trust amounts.

For Census Bureau reporting of government statistics, the term 'utilities' relates only to water supply, electric power, gas supply and transit systems owned and operated by local governments. The term 'liquor store' relates to such stores operated by 16 state governments and by local governments in four states. Other commercial-type activities of governments--port facilities, airports, housing projects, toll highways, and the like--as well as all agencies and activities of the federal government, including its corporations and the U. S. Postal Service--are treated as part of the general government sector. Insurance trust activities consist of contributory retirement systems for public employees, and governmental social insurance and life insurance programs."

3. The North Dakota figure is not very meaningful unless the reader knows that it includes \$524,000 revenue from state hail insurance, \$14,483,000 from the North Dakota Mill and Elevator Association, and \$4,642,000 from the Bank of North Dakota.

4. Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, North Dakota, South Dakota, Utah, and Wyoming.

TABLE 1
SOURCES OF STATE AND LOCAL GENERAL REVENUE IN
MONTANA, 1958 THROUGH 1965

(Millions of dollars)							
Year	Total general revenue	From fed. gov't.		From taxes		From charges and mis- cellaneous revenue	
		Amount	Per cent	Amount	Per cent	Amount	Per cent
1965*	\$322.3	\$84.4	26.2%	\$187.0	58.0%	\$50.9	15.8%
1964	302.4	73.5	24.3	181.1	59.9	47.8	15.8
1963	276.9	63.4	22.9	169.2	61.1	44.3	16.0
1962	252.7	52.9	20.9	161.6	64.0	38.2	15.1
1961	242.2	48.2	19.9	157.6	65.1	36.4	15.0
1960	238.0	52.7	22.1	148.7	62.5	36.6	15.4
1959	225.3	49.2	21.8	143.6	63.8	32.5	14.4
1958	197.1	33.1	16.8	134.5	68.2	29.5	15.0

Source: Government Finances in 1964-65, Bureau of the Census, U. S. Department of Commerce, Table 17, and same report for previous years.

*Fiscal year ending 1965.

1964-65, two percent above the 15.8 percentage of Montana and for all states. Of the ten states, only the percentage for Utah is below the national average. South Dakota shares the 15.8 percentage with Montana and all states.⁷

A breakdown of state and local charges and miscellaneous revenue is available from the 1962 Census of Governments⁶ (see Table 2). This table is included to give the reader an idea of the general nature of the sources of Montana "non-tax" revenue which accounted for 38.2 million dollars of the state and local general revenue in 1962, had increased to \$47.8 million in 1964 and to \$50.9 million in 1965 (Table 1).

Table 3 gives the sources of Montana state revenue from current charges and miscellaneous non-tax sources in 1964-65 fiscal year. The total of \$25.4 million is up from \$24.5 million in 1963-64 and \$18.5 million in 1961-62.

5. For most states there was little change in the charges and miscellaneous general revenue category as a percent from fiscal year 1963-64 to fiscal year 1964-65. In New Hampshire, however, the amount collected increased from \$25.4 million to \$33.5 million and the percentage increased from 12.9 to 15.6. Presumably at least part of this increase was from the state-operated racetrack lottery which went into operation in the spring of 1964. When this law was passed it was estimated it would yield \$4 million annually for aid to education. Later reports indicated it did not do that well the first year.

6. "Government in Montana," Census of Governments, 1962, Bureau of the Census, U. S. Department of Commerce, Vol. VII, No. 26, Table 16, p. 23.

TABLE 2

SOURCES OF "CHARGES AND MISCELLANEOUS" CATEGORY OF MONTANA
GENERAL REVENUE, STATE AND LOCAL, IN 1962

Sources	State government	Local government	State & local government
	(1,000 of \$)	(1,000 of \$)	(1,000 of \$)
Current charges			
Education	\$8,600	\$2,407	\$11,007
School lunch sales (gross)	-----	1,990	1,990
Other	8,600 ^a	417	9,017
Hospitals	250	1,395	1,645
Sewerage	-----	1,021	1,021
Sanitation other than sewerage	-----	1,133	1,133
Local parks and recreation	-----	123	123
Natural resources	1,091 ^b	2,576	3,667
Housing and urban renewal	-----	407	407
Airports	-----	355	355
Parking facilities	-----	700	700
Other and unallocable	856 ^c	2,448	3,304
Special assessments	-----	3,123	3,123
Sale of property	494	130	624
Interest earnings	2,366	413	2,779
Other and unallocable	4,807 ^d	3,523	8,330
Total charges & miscellaneous	18,464	19,754	38,218

Source: Government in Montana, Census of Governments, 1962, Vol. VII, No. 26, Table 16, p. 23.

- a. Includes commercial or "auxiliary" enterprises such as dormitories, \$5,486,000; student fees, \$3,080,000; other, such as film library, \$34,000.
- b. Includes agricultural income, such as Experiment Station income, Poultry Improvement Board, \$485,000; Forestry and Parks (other than sale of timber), \$430,000; Other, such as Grass Conservation Commission and Water Conservation Board, \$176,000.
- c. Includes Hail Insurance Income of \$443,000 plus a long miscellaneous list.
- d. Includes fines and forfeitures (Highway Patrol and Fish and Game) \$472,000; rents and royalties, \$3,264,000; donations (state colleges), \$1,040,000; and other, such as timber sales and land office fees, \$31,000.

It is beyond the scope of this study to make an analysis of local charges and miscellaneous revenue. These do not have much bearing on the revenue problems with which the legislature must contend. The remainder of this chapter will deal with five specific sources of state non-tax revenues, namely (1) hail insurance and drainage and irrigation districts, (2) fines collected by the Highway Patrol,

TABLE 3

MONTANA STATE REVENUES FROM CURRENT CHARGES AND MISCELLANEOUS
NON-TAX SOURCES, FISCAL YEAR 1964-65

Source	Amount in thousands of dollars
Current charges	
Education	12,361
Institutions of higher education, auxiliary enterprises	8,276
Student fees	4,040
Other educational	45
Highways	6
Hospitals (State Hospital and T. B. Sanatorium)	551
Natural Resources	1,468
Agriculture (Agri. Exp. Station)	478
Forestry & Parks (other than sale of timber)	604
Other (Water Conservation Board, Fish & Game, Grass Conservation Commission)	386
Hail Insurance charges	624
Other	481
Total Current Charges	15,491
Miscellaneous General Revenue	
Disposal of property	499
Interest earnings	3,077
Fines and forfeitures (Highway Patrol, Fish & Game)	546
Rents and royalties	4,273
Donations (to state universities and colleges)	928
Other	548
Land office fees	15
Timber sales	495
Miscellaneous	38
Total Charges and Miscellaneous	25,361

Source: Compendium of State Government Finances in 1965, Bureau of the Census, U. S. Department of Commerce, pp. 23, 24 and 25.

(3) liquor profits, (4) rent royalties and interest and (5) fees collected by the university systems and custodial institutions.

Hail Insurance Charges and Drainage and Irrigation District Revenues

Hail insurance charges are treated as "miscellaneous commercial activities" in the "current charges" category by the Bureau of the Census and appear under that heading in Table 3 of this chapter. The Bureau of the Census treats the drainage district levies and the irrigation district levies as taxes and these would not appear in total "charges and miscellaneous revenue" as published in various Bureau of the Census reports (see Table 3). However, both hail insurance charges and

TABLE 4

REVENUE COLLECTED IN MONTANA FOR HAIL INSURANCE AND FOR
DRAINAGE AND IRRIGATION, 1955 TO 1964

Year	Hail Insurance	Amount Collected
		Drainage and Irrigation
1955	\$467,347	\$1,497,077
1956	211,112	1,384,695
1957	406,393	1,559,687
1958	440,713	1,561,413
1959	562,417	1,574,732
1960	652,127	1,616,582
1961	461,421	1,714,424
1962	657,094	1,841,483
1963	603,019	1,793,605
1964	607,309	1,867,945
1965	580,295	1,873,690

Source: Biennial reports of the Montana State Board of Equalization.

property tax levies for irrigation and drainage districts were excluded from Table 6 (Sources of State and Local Tax Revenue in Montana) in Part Three of this Montana Tax Study.

The argument for excluding these collections from tabulations of tax collections is that these charges are made for services or improvements on specific farms and ranches and therefore are of special benefit to individuals rather than of general benefit to all citizens. In this sense they are very like special assessments or sale of services by publicly owned and operated utilities.⁷ None of these revenues goes into the state's general fund.

Fines Collected by the Highway Patrol

A second source of non-tax revenues is fines collected by state agencies. In Montana this includes fines imposed by the Highway Patrol and by the Fish and Game Commission, amounting in 1964-65 to \$496,000 and \$49,000 respectively. Until fiscal 1964, Highway Patrol fines and forfeitures went in to the state general fund. For fiscal years 1965 and 1966 some of this revenue was placed in the driver education fund.

Funds to operate the Highway Patrol program are appropriated by the legislature. Budgets for the department exceed the amounts collected from fines and forfeitures and from drivers' licenses. There is no direct or necessary relationship between the revenues generated by the activities of the department and the expenditures of the department. Probably most citizens would agree that revenue

7. Fire district levies would probably logically fit into the same classification. The decision to leave those expenditures in the tax tabulation is an arbitrary one.

TABLE 5

FINES AND FORFEITURES COLLECTED BY THE HIGHWAY PATROL,
FISCAL YEARS 1951 TO 1966

Year	Amounts Collected	Year	Amounts Collected
1951	\$169,988	1959	\$435,606
1952	175,686	1960	442,122
1953	219,968	1961	395,342
1954	280,092	1962	385,738
1955	321,303	1963	419,415
1956	363,681	1964	471,453
1957	461,815	1965	507,003
1958	495,056	1966	605,722

Source: Annual summaries prepared by the Montana Highway Patrol.

collections are only incidental to the control aspects of the Highway Patrol. Although there would seem to be some justice in letting those who violate the traffic laws bear a considerable part of the expense of law enforcement, the case is much weaker if the sentence is changed to "those who get caught violating the traffic laws."

Liquor Profits

General revenue as defined does not include total sales by state-owned liquor stores and general expenditures do not include costs of operating the stores, including the purchase of liquor. Profits from the operation of the liquor sales department, however, is a source of non-tax revenue. This revenue goes into the state general fund.

"The Montana Liquor Control Board is charged with two major functions-- control of the manufacture, sale, and consumption of alcoholic beverages; and merchandising liquor through state package liquor stores."⁸ To some citizens there is something of a "conflict of interest" between the sale of liquor on the one hand and the control function on the other. Perhaps control cannot be construed to mean the regulation of the rate of consumption. Nevertheless, in view of the emphasis placed by Highway Patrol reports on intoxication as a factor in traffic violations and traffic accidents, many would object to an aggressive merchandising program as a means of obtaining more revenue for the general fund.⁹

8. See "Administration of the State Liquor Monopoly," Montana Legislative Council Report No. 13, Dec. 1934, p. ix.

9. See, for example, page 13 of the 1963 Annual Report of the Montana Highway Patrol. Of the 228 traffic fatalities in 1963:

- 49 percent of drivers killed had been drinking.
- 17 percent of passengers killed had been drinking.
- 18 percent of all pedestrians killed had been drinking.
- 27 percent of adult pedestrians killed had been drinking.
- 34 percent of all persons killed had been drinking.

TABLE 6

NET PROFITS OF LIQUOR SALES DEPARTMENT, MONTANA LIQUOR
CONTROL BOARD, FISCAL YEARS 1951-1966

Year	Profits	Year	Profits
1951	\$3,065,034	1959	\$2,820,549
1952	2,839,874	1960	2,767,427
1953	3,020,552	1961	2,741,858
1954	3,117,966	1962	2,873,770
1955	3,165,057	1963	2,896,000
1956	3,190,884	1964	2,922,800
1957	3,805,449	1965	3,094,135
1958	2,237,858	1966	3,335,734

Source: Annual Reports Montana Liquor Control Board.

The annual "liquor profits" of about 3 million dollars are appreciated as a source of general revenue by legislators and taxpayers alike. These profits would accrue no matter what the nature of the distribution system. Any efforts to improve the efficiency of the state liquor merchandising system and hence increase the profits would make economic sense. The Tax Task Force has no specific suggestions to make for improving the efficiency of the system except that periodic studies, such, for example, as the 1964 study made by the Legislative Council, would be in order.

Rents, Royalties and Interest

This is probably the most significant of all Montana sources of non-tax revenue. These revenues stem from land grants which were made for the specific purpose of helping to finance certain public services, chiefly public schools although some small grants were made to units of the university system and to certain custodial institutions.

This resource is administered by the Department of State Lands and Investments. The revenues are of two kinds, designated as interest and income. On the one hand there is the current income received from grazing rentals, crop shares and oil lease rentals. Then there is the interest received on land sales (purchase contracts) and "trust and legacy" fund earned interest. All moneys received from the sale of land belonging to the grants, together with proceeds from the sale of timber, oil royalties, and other minerals, are credited to a permanent fund for each of the land grant institutions. These moneys are in the trust and legacy fund. Five percent of the annual income allocated to public schools is deducted and credited to the public school permanent fund. The remaining 95 percent is divided among the counties of the state on the basis of children of school age within the counties. See Table 7 for an illustration of the sources of interest and income receipts.

Revenue from these sources has increased through the years along with the need for funds. (See Table 8.) Prior to 1945 total interest and income receipts had never been as great as \$2 million and the amount apportioned to public schools

TABLE 7
INTEREST AND INCOME MONEY FOR MONTANA'S PUBLIC
SCHOOLS FOR 1965-66

Sources of Revenue	Amount
Grazing rentals	\$ 815,655.00
Agricultural rentals	2,037,290.00
Grazing fees, State Forester	16,327.00
Interest on bonds and certificates	106,697.00
Interest on land sale contracts	194,506.00
Montana Trust and Legacy Fund earned interest	1,679,146.00
Rentals and penalties on oil and gas leases	1,009,891.00
Total earnings	\$5,859,512.00

Source: Unpublished data in office of the Commissioner of State Lands and Investments.

had exceeded \$1 million only a few years, mostly in the late 1920's.¹⁰ The trend in total interest and income as well as that part apportioned to public schools has been generally up since 1945 although there was a definite bulge in the early 1950's due to the oil activity in the Williston Basin as well as high farm product prices during the Korean War.

During the period from 1945 to 1964 a total of over \$41 million was added to the permanent funds of land grant institutions, and average of over over \$2 million per year. The total Trust and Legacy Fund was \$47.6 million as of June 30, 1964, of which \$42.2 million was in the permanent school fund. Value of all unsold lands at \$10 per acre plus deferred payments on land sales amounted to \$56.2 million of which \$50 million was the public school portion. Total permanent assets amounted to \$103.8 million of which \$92.2 million belonged to public schools.

There is considerable variation from year to year in interest and income monies available to land grant institutions. Rentals from grazing land and crop land vary with production and with the prices of agricultural products. Rentals and penalties on oil and gas leases took a tremendous jump in 1952, tapered off to a low in 1958 and has increased some since then. Income from rentals on graxing leases increased almost 50 percent in 1964 over 1963 due, in part, to use of a new formula for figuring the base price of graxing per animal unit month, but fell off in 1965 because of lower prices per pound of beef cattle.¹¹

10. See Table No. XV, page 22, Biennial Report of Montana Department of State Lands and Investments, 1962 to 1964.

11. According to the formula adopted by the 1963 legislature, the annual rental is computed by multiplying 32 cents plus two times the average price per pound of beef cattle on the farm in Montana for the previous year times the animal unit month carrying capacity of the land.

TABLE 8

TOTAL INTEREST AND INCOME RECEIPTS FROM STATE LANDS AND
PERMANENT FUNDS, FISCAL YEARS 1945 TO 1966

Year	Total Interest and Income (000)	I and I Apportioned to Public Schools* (000)	Amount Per Census Child, 6 to 21 (Dollars & Cents)
1945	\$2,319	\$1,387	\$10.31
1946	2,041	1,284	9.60
1947	2,347	1,415	10.44
1948	2,569	1,442	10.51
1949	2,683	2,115	15.12
1950	2,462	1,470	10.22
1951	3,018	1,957	13.42
1952	8,921	2,766	18.85
1953	5,949	8,291	55.24
1954	5,809	4,379	28.01
1955	4,829	4,238	26.06
1956	5,358	4,388	25.93
1957	4,496	4,134	23.49
1958	4,009	3,736	20.74
1959	4,493	3,507	18.81
1960	5,000	3,839	19.89
1961	4,892	3,909	19.55
1962	4,514	4,244	20.63
1963	5,542	4,521	21.36
1964	5,858	4,913	22.83
1965	5,974	5,236	23.87
1966	6,281	5,134	-----

* After five percent was deducted for permanent school funds. The school I and I funds are figured on a calendar year basis and distributed to the counties early in the next calendar year.

Source: Biennial report of the Montana Department of State Land and Investments, 1962-1964, pp. 16 and 22.

Because the land grants were made specifically for the purpose of providing revenue for schools and certain other public services, it would seem reasonable to expect that these resources should be managed so that they would provide as much revenue as is consistent with conservation and development of the resources. For various reasons this goal appears to be very difficult to accomplish. This is an area where states seem typically to have been "penny wise and pound foolish."

A very small staff is provided in Montana to administer over five million acres of land in hundreds of tracts in 56 counties. It would be interesting to compare this staff with what a private enterpriser might employ to maximize profits from such a set of resources. We propose that funds be provided for making a complete inventory of the lands remaining in all the grants made to Montana under the Enabling Act. Recommendations could then be made concerning programs for

conservation, development and management of state lands. There are very likely opportunities for consolidating land into blocks by exchanging lands with the federal government.

A good case could be made for moving some tracts of state land into private ownership. Examples are easy to find where taxes levied after sale of state land exceeded the rentals which had been received under state ownership and the state had the money from the sale of the land to invest. The difficulty in this is the constitutional provision which severely limits the investment of the Trust and Legacy Fund to a restricted list of interest-bearing instruments. Had state lands been sold (say) in the 1930's or early 1940's and the proceeds invested in any kind of dollar obligations, it would have been a grievous mistake.

Many states have changed their constitutions and/or statutes to allow investment of some portions of state funds in high grade common stocks for growth and as a hedge against inflation.. The task force recommends that this change be made in Montana. Until such time as this change is made, very little state land should be sold.¹² If the land is to be kept in state ownership, then it makes good sense to "toolup" to do a business-like job of managing the resource.

University and Custodial Institution Fees

Health and education are areas of public service where both special benefits to individuals and general public benefits are very obvious and there is no one answer as to how these benefits are distributed and how the costs should be apportioned. Any citizen of this country who has traveled in areas of the world where matters of health are not attended to has learned to appreciate the importance of health and sanitation as we experience them in this country.

A textbook on personal finance estimates that the college graduate "will receive an average \$180,000 more income during his or her lifetime than will the average high school graduate."¹³ Leaving aside for the moment whatever contribution the college graduate may make to society, presumably all or most of the additional \$180,000 income he will receive will be subject to the income tax and society will receive a good return on its investment. The individual who receives the education will certainly benefit. One wonders occasionally about the parents who may have impoverished their old age to help finance the education.

Because there is no objective way to determine exactly what fees should be for universities, Tables 9, 10, 11 and 12 are presented to show that charges made in Montana are high relative to other like institutions and that the rate of increase in charges in recent years has been high.

In Table 9 comparison is made between the two university units in Montana (whose fees and charges are almost identical) and university units in other Rocky Mountain States. Required fees, resident and non-resident, are higher in Montana than the average of the ten Rocky Mountain universities. Only two institutions had higher resident fees and only one--the University of Colorado--had higher non-resident fees. Of the 96 universities reported from 50 states, only 22 had higher

12. For a good treatment of this subject, read "The Investment of Public Funds," Montana Legislative Council Publication No. 14, December, 1964.

13. Cohen, Jerome B. and Hanson, Arthur W., Personal Finance, Richard D. Irwin, Inc. 1964, p. 1.

TABLE 9

COMPARISON OF FEES AND ROOM AND BOARD CHARGES COMPARABLE
ROCKY MOUNTAIN INSTITUTIONS, 1965-66 ACADEMIC YEAR

Institution	Undergraduate Tuition and Required Fees		Room and Board rates Men, seven-day rates		
	Resident	Non-resident	Room	Board	Room & Board
Univ. of Arizona	\$214	\$864	\$304	\$419	\$723
Colorado State Univ.	336	921	225	537	762
Univ. of Idaho	201	581	260	480	740
Univ. of Nevada	261	861	200	540	740
New Mexico State	260	610	260	390	650
Utah State Univ.	258	501	255	375	630
Univ. of Wyoming	332	861	260	570	830
Univ. of Colorado	372	1,120	---	---	820
Univ. of New Mexico	312	662	270	492	762
Univ. of Utah	375	690	340	450	790
Average 10 Rocky Mountain Institutions	292	767	---	---	745
Montana State Univ.*	366	973	219	506	725

* There are only slight differences between charges made at Montana State University and the University of Montana, so the Montana State University fees are used as a matter of convenience.

Source: Report from Office of Institutional Research, 1785 Massachusetts Avenue, N.W., Washington, D. C., 20036.

resident fees and only eight had higher total fees for non-residents.¹⁴

Table 10 shows the trend in fees in recent years at the two Montana universities. Changes at the other units of the university system are of the same nature but they need to be compared with another set of institutions if comparisons are to be useful. Since 1961-62, university fees going into the state general fund have amounted to over \$2 million per year. It is estimated that they will amount to between \$4.0 and \$4.5 million per year for the biennium 1965 to 1967, or nearly 20 percent of the total appropriations including those of the experiment stations and Agricultural Extension Service.

The history of dependence on student or other non-tax financing is much more evident for building programs than for current operations. Table 11, for example, shows the sources of funds for buildings constructed from 1948 through 1958. Prior to 1948 the costs of construction were so different as to make comparisons of

¹⁴. Report from the Office of Institutional Research, 1785 Massachusetts Avenue, N.W., Washington, D. C. 20036.

TABLE 10

HISTORY OF FEES CHARGED SINCE 1952 AT MONTANA STATE UNIVERSITY* AND COMPARISON WITH 1942-46 FEES

	1942- 1946	1952- 1954	1954- 1956	1956- 1958	1958- 1960	1960- 1962	1962- 1964	1964- 1966	1966- 1968
Registration Fee	5.00	5.00	5.00	10.00	10.00	10.00	10.00	10.00	15.00
Incidental Fee	10.00	15.00	15.00	30.00	30.00	30.00	40.00	40.00	50.00
Student Union Bldg. Fee					5.00	5.00	5.00	5.00	5.00
Student Union Fee	3.50	2.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
P.E. Bldg. Fee				4.00	4.00	4.00	4.00	4.00	4.00
P.E. Bldg. Use Fee							3.00	3.00	3.00
Student Bldg. Fee	5.00	5.00	5.00	5.00	10.00	20.00	20.00	20.00	20.00
Health Service Fee	3.00	4.00	5.00	5.00	7.00	10.00	10.00	10.00	10.00
Student Activity Fee	8.50	13.45	14.55	14.75	14.75	14.75	14.75	14.75	14.75
Breakage Deposit, Returnable	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Total, First Quarter	45.00	54.45	58.55	82.75	94.75	107.75	120.75	120.75	135.75
Total for Three Quarters, Resident	101.50	133.35	143.65	216.15	252.15	291.15	330.15	330.15	375.15
Non-Resident Fee									
Non-Resident Bldg. Fee	25.00	25.00	25.00	50.00	50.00	65.00	70.00	90.00	180.00
					7.50	22.50	22.50	22.50	22.50
Total, First Quarter Non-Resident	70.00	79.45	83.55	132.75	152.25	195.25	213.25	233.25	338.25
Total for 3 Quarters Non-resident	176.50	208.35	218.65	366.15	424.65	553.65	607.65	667.65	982.65

* The fees at Montana State University and the University of Montana are almost identical so MSU fees are used as a matter of convenience.

Source: Biennial Bulletins.

TABLE 11

SOURCES OF FUNDS FOR BUILDINGS CONSTRUCTED ON THE CAMPUSES
OF THE UNIVERSITY OF MONTANA 1948 THROUGH 1958

Institution	State Tax Funds ^a		Other Funds ^b		Total
	Amount	Percent	Amount	Percent	
Montana State University	2,471,985	28.6	6,186,309	71.4	8,658,294
Montana State College	2,202,739	22.3	7,680,226	77.7	9,882,965
Montana School of Mines	834,800	100.0	----	----	834,800
Western Montana College of Education	179,636	21.7	650,000	78.3	829,636
Eastern Montana College of Education	836,296	52.6	752,452	47.4	1,588,748
Northern Montana College	<u>1,217,317</u>	<u>57.1</u>	<u>913,201</u>	<u>42.9</u>	<u>2,130,518</u>
Total	7,742,773	32.4	16,182,188	67.6	23,924,961

^a Includes buildings constructed from direct appropriations and from moneys received by issuing state bonds.

^b The chief source of "other" funds is student charges and student building fees. A minor part of the "other" category came from gifts (e.g., the Dansforth Chapel at Montana State College), P.W.A. grants, veterans fees and war surplus, and public admission to athletic events. Buildings build from "other" funds include dormitories, student union buildings, field houses, some classrooms and office buildings, and libraries.

little use. Much of the construction using non-tax funds was dormitories, student union buildings, field houses, and the like but some of the newer classrooms and office buildings and libraries have been financed all or in part from non-tax revenues.

Some of the custodial institutions collect fees from families who can afford to pay them. In recent years only the State Hospital and the Tuberculosis Sanatorium have collected any substantial amount although fees may be collected at the orphans' home, the veterans' home and the home for the aged. In recent years the fees, which go into the general fund are running between \$700,000 and \$800,000. See Table 12 for a tabulation of revenues collected by the Montana University system and by custodial institutions from 1951 to 1965. Auxiliary enterprises of university units include dormitories, food services, and admissions to sports events.

TABLE 12

REVENUES COLLECTED BY THE MONTANA UNIVERSITY SYSTEM
AND BY CUSTODIAL INSTITUTIONS

Year	University System			To State General Fund ^b	
	Fees and ^a	Auxiliary ^a	Total	From University	From Custodial
	Other Charges	Enterprises		System	Institutions
	(000)	(000)	(000)	(000)	(000)
1951	\$ 416	\$2,185	\$2,601	\$ 373	\$261
1952	355	1,892	2,247	349	207
1953	453	1,988	2,441	394	216
1954	413	2,051	2,464	407	243
1955	541	1,555	2,096	423	362
1956	633	3,365	3,998	648	397
1957	1,196	3,284	4,480	1,074	445
1958	1,392	4,113	5,505	1,157	455
1959	1,729	3,955	5,684	1,199	470
1960	1,942	4,113	6,055	1,488	291
1961	1,860	4,664	6,524	1,628	216
1962	3,080	5,486	8,566	2,139	611
1963	3,333	6,604	9,937	2,376	737
1964	3,588	7,319	10,907	2,582	697
1965	4,040	8,276	12,316	2,601 ^c	750

^a Source: Compendium of State Government Finances, Annual Reports, U. S. Department of Commerce, Bureau of the Census.

^b Source: Montana Revenue Collections, Office of the State Budget Director.

^c Estimated by Budget Director.

